



UNITED STATES SENATE
**REPUBLICAN
POLICY COMMITTEE**

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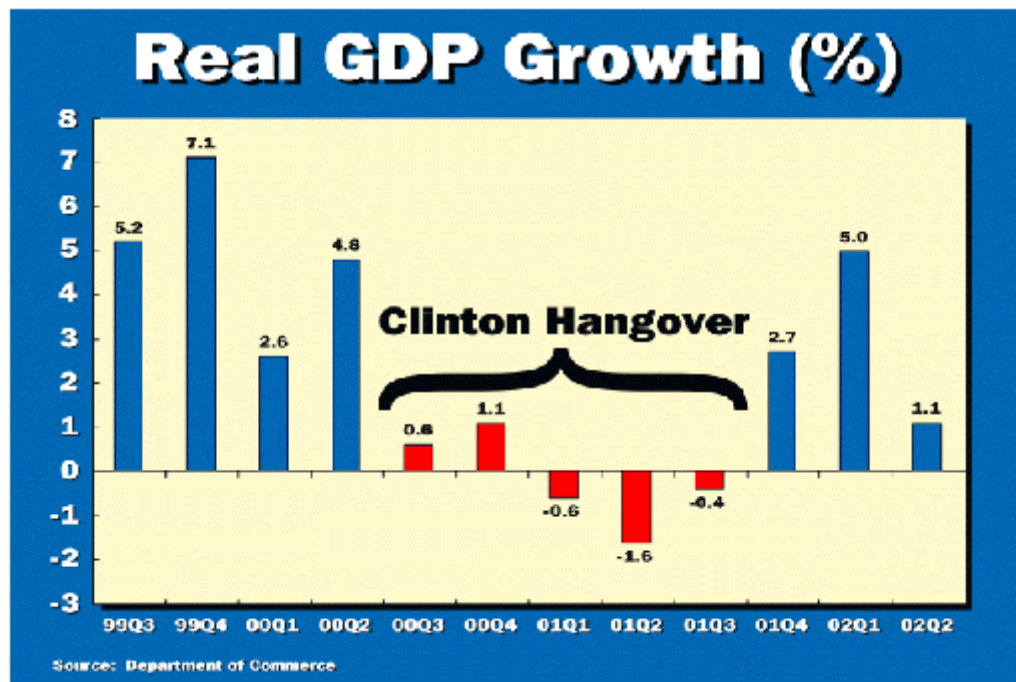
“Clinton Hangover” Follows Binge

For the past year, Senate Democrats have attempted to blame President Bush for the weak economy he inherited from Bill Clinton. Lately, these attempts have taken on a new, more desperate tone. For example, Majority Leader Tom Daschle said on the Senate Floor last week:

Under the Clinton Administration, the markets had been booming. We saw growth in an unprecedented way and we expected – everyone expected – that growth to continue. But that’s not what happened. What happened instead was over the last 18 months, that \$16.4 trillion pie has shrunk to \$11.9 trillion. We’ve lost \$4.5 trillion in market capitalization in just 18 months.

[Congressional Record, 9/18/02]

Actually, the stock market decline began well before George W. Bush was sworn into office. The same can be said about the economy. While Democrats attempt to blame President Bush for the poor economy, the most recent numbers from the Commerce Department suggest the economy was



already in recession when he took office in January of 2001.

The Binge, the Hangover, and the Recovery

Call it the “Clinton Hangover.” The declining economy, the collapse of the stock markets, and the serial episodes of corporate fraud all began and took root under the Clinton Administration. As President Bush observed:

In order for us to have the security we all want, America must get rid of the hangover that we now have as a result of the binge, the economic binge we just went through. We were in the land of endless profit. There was no tomorrow when it came to the stock markets and corporate profits.

[speech, U. of Alabama, 7/15/02]

Perhaps the most remarkable story illustrated by the above chart is the response to the September 11th attacks on America. While Congress is investigating the intelligence failures that allowed Al Qaeda to flourish during the 1990s, no investigation is necessary to understand that the attacks of 9/11 had a dramatic, negative impact on the economy and stock markets. Despite those attacks, and their impact on critical parts of our economy such as the travel and tourism industry, economic growth over the past three quarters has averaged 2.9 percent. An economy doubly assaulted first by recession and then by terrorism has evolved into an economy courageously moving towards growth and job creation. Americans should be proud of this effort.

Credit, Don’t Blame President Bush

Part of the credit for this turnaround should go to President Bush for leading the way to enactment of the tax cuts in June, 2001. That relief provided \$40 billion in refund checks to Americans – just as the economy had hit bottom – and continues to stimulate growth by reducing tax rates on future investments and earnings. The Treasury Department estimates the Bush tax cuts will help create 800,000 new jobs this year alone.

Senate Democrats claim President Bush is “ignoring” the economy, yet it is the Democrat-led Senate that blocked bipartisan bills to stimulate the economy and expand terrorism insurance coverage. Democrats delayed adoption of Trade Promotion Authority and failed to pass last year’s Defense Appropriations bill until December. And, of course, a majority of Democrats fought against the Bush tax cuts and, even now, are working to have them repealed.

Senate Republicans are busy helping President Bush address what most Americans are concerned about – securing both our borders and our economy. Meanwhile, Senate Democrats are engaged in a filibuster of the President’s Homeland Security bill. No wonder their party leader is busy trying to change the subject.

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